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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000028

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SUBJECT: KMT CHAIRMAN MA SINGS THE BLUES

REF: A. TAIPEI 04096

[¶](#)B. TAIPEI 03890

Classified By: AIT Acting Director Robert S. Wang,
Reason 1.4 (b/d)

[¶](#)1. (C) Summary: The opposition KMT's poorer than expected performance in key mayoral elections on December 9 was a minor setback for KMT Chairman Ma Ying-jeou, giving critics an opening to raise doubts about his leadership and ability to appeal to Taiwan's southern voters. The KMT kept control of Taipei as expected and strengthened its representation in the Taipei and Kaohsiung city councils. The party, however, proved unable to defeat the ruling DPP in its southern base of Kaohsiung despite Ma's heavy campaigning and a string of corruption investigations plaguing President Chen, his family, and advisors. Ma, whose term as Taipei mayor ended on December 25, will now focus on leading the KMT into the 2007 legislative election and securing his party's nomination for the 2008 presidential race. End Summary.

Ma's Wake-up Call

[¶](#)2. (C) The Kuomintang's (KMT) poorer than expected performance in key mayoral elections on December 9 was a setback for KMT Chairman Ma Ying-jeou, giving critics an opening to raise doubts about his leadership and ability to attract enough Taiwanese votes from southern Taiwan to win the presidency in 2008. Ma himself declared shortly after the election that the KMT had performed adequately and reached a "draw" with the DPP. KMT Organization Department Director Liao Feng-te suggested to AIT that the KMT actually won three of the four races on December 9--it gained a "technical" victory by winning the Taipei mayoral race and strengthened its control over both Taipei and Kaohsiung city councils. The narrow loss in the Kaohsiung mayoral contest, however, has been widely seen as a personal setback for Ma, who made himself very visible in campaigning for the KMT mayoral candidate, acknowledged Liao. Despite a razor-thin loss in Kaohsiung by KMT candidate Huang Chun-ying, Ma is now under pressure to review the party's election strategy and grass roots operations, Liao explained, because of concerns about the KMT's ability to attract southern votes in the upcoming 2007 legislative and 2008 presidential elections.

¶3. (C) Analyzing the KMT strategy in Kaohsiung, Liao suggested that Ma's "direct sales" approach, which bypassed local KMT grassroots leaders in an effort to appeal directly to voters, alienated local party bosses and could have cost the KMT the race. Although Ma's approach is effective in northern urban areas like Taipei, Liao asserted it has limited appeal in the south, where personal outreach to local leaders is a more effective method of mobilizing the party base and ensuring voter turnout. KMT Legislator Lai Shih-pao, a strong Ma supporter, acknowledged some problems with Ma's Kaohsiung strategy and campaigning style, but pointed to the relative passivity and weakness of KMT candidate Huang Chun-ying as the major factor in allowing the DPP to pull out a narrow victory.

¶4. (C) Soochow University Professor Emile Sheng (Chih-jen) suggested that over the long-term the Kaohsiung loss could prove a boon to the KMT. The sense of crisis, Sheng predicted, would prompt Ma and the party leadership from becoming over-confident and avoid making the same mistakes in upcoming elections. A victory in Kaohsiung, on the other hand, might have encouraged the KMT to become "cocky." Ma can no longer take the party's presidential nomination for granted, Sheng surmised, even though party rival Wang Jin-pyng and KMT Honorary Chairman Lien Chan do not pose an immediate threat to Ma's front-runner status.

Leading the Pan-Blue Camp

¶5. (C) KMT Chairman Ma, whose term as Taipei mayor ended on December 25, now faces the demanding task of leading the KMT into the 2007 legislative election. The shift to single-member districts and halving the legislature in 2007

TAIPEI 00000028 002 OF 003

means that competition among incumbents for a seat in the new 113-member legislature will be fierce. Ma's initial attempt in December to forge a formal coalition with the smaller People First Party (PFP) met strong resistance from a vocal block of KMT legislators in the party's Central Standing Committee (CSC). Ma's proposal, which aims to minimize internecine pan-Blue competition, was rejected at two weekly CSC meetings and then moved to a party sub-committee for "further deliberation," a face-saving move that called into question Ma's leadership of the party. Ma, however, gained a small victory on January 3 when the CSC unanimously passed a watered-down version that endorsed the concept of KMT-PFP cooperation but left the more sensitive issue of how to coordinate candidate nominations between the two parties for future discussion.

¶6. (C) According to KMT Legislator Ting Shou-Chung, opponents of Ma's conciliatory approach to the PFP have argued that any concessions will come largely at the expense of KMT legislators. KMT Legislator Hsu Chung-hsiung, one of the most vocal opponents of KMT-PFP cooperation in the CSC, told AIT that in Taiwan's "electoral jungle" the KMT can no longer afford to make "compromises" with an increasing marginalized PFP, weakened by a rash of defections to the KMT and the abysmal performance of PFP Chairman James Soong in the Taipei mayoral race. Lai Shih-pao predicted that the upcoming legislative election will "finish off" Soong and the PFP, which no longer pose a major threat to the KMT. (Note: Taoyuan Magistrate Eric Chu told ADIR that Soong is "already in his political grave." End Note.) Lai explained that Ma, nevertheless, is making conciliatory overtures to keep Soong from running in the 2008 presidential election and avoid reopening the pan-Blue split that gave President Chen a narrow victory in 2000.

¶7. (C) The PFP, for its part, sees its leverage over the KMT dwindling and will be facing an uphill battle to survive as a viable political party after 2007. PFP Legislator Vincent Chang (Hsien-yao), who is close to Soong, told AIT that his party has "no choice" but to work with the KMT ahead

of the elections because PFP supporters demand it. The PFP would risk further alienating those supporters by working with the DPP to pass legislation on the recovery of the KMT's party assets, the only major lever the PFP enjoys over the KMT, added Chang. Despite Soong's declared intention to "withdraw" from politics on December 9, Chang expects Soong will continue negotiations with Ma to secure PFP legislative and future government positions should the KMT regain power in 2008.

¶8. (C) Given the strong opposition within the KMT and the increasingly constrained bargaining position of the PFP, KMT-PFP relations are likely to muddle along barring any unexpected breakthroughs. KMT Director Liao suggested to AIT that for the foreseeable future the KMT will continue its informal cooperation with the PFP on policy and electoral issues, allowing PFP members to rejoin the KMT ahead of legislative primaries early next year. Already 3 of the 22 PFP legislators have initiated procedures to regain their KMT membership and Liao expects that another handful could rejoin in order to compete in the KMT primaries.

Wang on the Offensive?

¶9. (C) In the wake of the loss in Kaohsiung, (KMT) Legislative Speaker Wang Jin-pyng appears to be laying the groundwork to challenge Ma for the party's presidential nomination in the spring. Most party insiders and outside observers, however, still see a Wang candidacy as only a remote possibility. Wang's supporters have been pointing to the Kaohsiung loss as evidence that Ma, who was born in Hong Kong and is not a native speaker of Taiwanese, lacks resonance with southern Taiwan's ethnic voters in order to bolster Wang's nomination prospects, Director Liao told AIT. Wang himself has also asked James Soong to remain active in politics and has allied with KMT Honorary Chairman Lien Chan as a means to maintain pressure from the deep Blues and keep Ma off balance. Legislator Hsu, a Wang supporter, nevertheless characterized Wang's maneuvering as "political

TAIPEI 00000028 003 OF 003

ploys" that, in the end, would only be of limited use in elevating Wang's stature.

¶10. (C) National Taipei University Professor and close Wang confidant Herman Chiang (Min-chin) told AIT that Wang's ultimate objective is to force Ma into accepting him as the KMT Vice Presidential running mate in 2008. Only by presenting himself as a potential challenger, explained Chiang, can Wang reach this objective since he holds relatively limited influence with KMT elites who do not want to see a Wang-led presidential ticket. KMT Legislator Lai suggested that despite the ill-will between Ma and Wang engendered by their competition for KMT chairmanship in 2005, Ma is now open to the possibility of choosing Wang as a running-mate. Ma's thinking has changed, explained Lai, because he is facing potential problems with the mayoral special budget investigation and is calculating that an alliance with Wang would help draw more support from ethnic Taiwanese voters, diminishing the effectiveness of the DPP's "ethnic card."

Ma's Achilles' Heel

¶11. (C) Ma, long known for his squeaky-clean image, found himself unexpectedly under investigation for the alleged misuse of a mayoral office expense account last November. Although Taipei city prosecutors questioned Ma on several occasions and have indicted a staff assistant responsible for handling Ma's expense account submissions for the alleged misuse, no decision on whether or not to indict Ma has yet been made. KMT Legislator Lai told AIT that he expects an announcement by the prosecutor's office in the coming weeks and predicted that Ma will be cleared of any wrongdoing.

Nonetheless, Lai acknowledged that Ma's reputation for competence and cleanliness has been tarnished by his poor handling of the crisis, but surmised it would probably not affect Ma's presidential chances. Lai assessed that in the unlikely event of an indictment, however, Ma would likely follow through with his promise to resign from his KMT chairmanship, leaving the party to struggle with the awkward issue of whether and how to back Ma for a 2008 presidential bid.

Comment

¶12. (C) The electoral loss in Kaohsiung and the ensuing strong criticism and challenges from Ma's detractors appear unlikely to significantly slow down Ma's momentum toward winning his party's presidential nomination this spring. Despite Wang's maneuverings, Ma still remains the KMT's best hope to retake the Presidential Office in 2008, barring further revelations or a formal indictment from the ongoing investigation into Ma's expense account from his tenure as Taipei mayor. Having now stepped down as Taipei's mayor, Ma will also most certainly venture more frequently out of the capital to the south and rural counties to build up his relationships with local KMT leaders at the grassroots.

WANG